

WEIL, GOTSHAL & MANGES LLP
Richard W. Slack (*pro hac vice*)
(richard.slack@weil.com)
Jessica Liou (*pro hac vice*)
(jessica.liou@weil.com)
Matthew Goren (*pro hac vice*)
(matthew.goren@weil.com)
767 Fifth Avenue
New York, NY 10153-0119
Tel: 212 310 8000
Fax: 212 310 8007

KELLER BENVENUTTI KIM LLP
Tobias S. Keller (#151445)
(tkeller@kbkllp.com)
Peter J. Benvenutti (#60566)
(pbenvenutti@kbkllp.com)
Jane Kim (#298192)
(jkim@kbkllp.com)
650 California Street, Suite 1900
San Francisco, CA 94108
Tel: 415 496 6723
Fax: 650 636 9251

Attorneys for Debtors and Reorganized Debtors

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:

PG&E CORPORATION.

- and -

PACIFIC GAS AND ELECTRIC COMPANY.

Debtors.

- Affects PG&E Corporation
 - Affects Pacific Gas and Electric Company
 - Affects both Debtors

* All papers shall be filed in the Lead Case, No. 19-30088 (DM).

Bankruptcy Case No. 19-30088 (DM)

Chapter 11

(Lead Case) (Jointly Administered)

**REORGANIZED DEBTORS' FIFTH SECURITIES
CLAIMS OMNIBUS OBJECTION (NO LOSS
CAUSATION – SECURITIES SOLD PRIOR TO THE
FIRST PURPORTED "CORRECTIVE DISCLOSURE")**

Response Deadline: June 16, 2021, 4:00 p.m. (PT)

Hearing Information If Timely

Date: June 30, 2021
Time: 10:00 a.m. (Pacific Time)
Place: (Telephonic Appearances Only)
United States Bankruptcy Court
Courtroom 17, 16th Floor
San Francisco, CA 94102

1 TO: (A) THE HONORABLE DENNIS MONTALI, UNITED STATES BANKRUPTCY
2 JUDGE; (B) THE OFFICE OF THE UNITED STATES TRUSTEE; (C) THE AFFECTED
3 CLAIMANTS; AND (D) OTHER PARTIES ENTITLED TO NOTICE:

4 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**”), as
5 debtors and reorganized debtors (collectively, “**PG&E**,” the “**Debtors**,” or the “**Reorganized Debtors**”)
6 in the above-captioned chapter 11 cases (the “**Chapter 11 Cases**”), hereby submit this fifth securities
7 claims omnibus objection (the “**Objection**”) to the claims identified in the column headed “Claims To
8 Be Disallowed/Expunged” on **Exhibit 1** annexed hereto. Contemporaneously herewith, the Reorganized
9 Debtors submit the Declaration of Edward J. Radetich, Jr., dated May 19, 2021 (the “**Radetich
Declaration**”), in support of this Objection.

10 This omnibus objection seeks to expunge the proofs of claim filed by certain former PG&E
11 security holders who sold all of their holdings before the first purported corrective disclosure and
12 therefore, by definition, suffered no loss that is recoverable under the federal securities laws.¹
13 Fundamentally, federal securities claims assert that a company’s false statements artificially inflate the
14 price of the company’s stock, until the market learns the “truth” behind those statements through some
15 event—commonly referred to as a “corrective disclosure”—or series of events at which point the
16 company’s stock price drops (in theory, to where it would have been had the market known the truth all
17 along). Investors who sell their securities before a corrective disclosure, accordingly, do so at the
18 artificially inflated price and therefore suffer no loss caused by the company’s misstatements. *See Dura*
19 *Pharm., Inc. v. Broudo*, 544 U.S. 336, 341-43 (2005); *see also In re Oracle Corp. Sec. Litig.*, 627 F.3d
20 376, 392 (9th Cir. 2010) (“Loss causation is established if the market learns of a defendant’s fraudulent
21 act or practice, the market reacts to the fraudulent act or practice, and a *plaintiff suffers a loss as a result*
22 *of* the market’s reaction.”) (emphasis added); *Brown v. Ambow Educ. Holding Ltd.*, No. CV 12-5062
23 PSG AJWX, 2014 WL 523166, at *15–16 (C.D. Cal. Feb. 6, 2014) (“Although the Supreme Court in
24 *Dura Pharmaceuticals* reviewed loss causation in the context of Section 10(b) claims, courts use its
25 reasoning to analyze loss causation in Section 11 claims as well.”).

26 Here, the Debtors do not concede there was any “corrective disclosure” because the Debtors deny

27 ¹ For the avoidance of doubt, none of the holders of the claims identified in Exhibit 1 purchased
28 additional PG&E securities on or after October 12, 2017.

that they misled investors in the first place. Even if any claimant could establish that the Debtors misled investors, the first purported “corrective disclosure” was made on October 12, 2017—the date on which, as has been alleged, “the market *began* to understand that PG&E’s safety regulation violations were likely a proximate cause of the North Bay Fires.” Third Amended Complaint (as defined below), ¶ 328 (emphasis added). Accordingly, Claimants who sold their PG&E securities, whether debt or equity, before October 12, 2017 made those sales at prices that (assertedly) remained inflated by the Debtors’ alleged misstatements. Those Claimants, therefore, could not have suffered a loss caused by the Debtors’ alleged misstatements. *See Dura Pharm.*, 544 U.S. at 343; *In re Oracle*, 627 F.3d at 392; *Brown*, 2014 WL 523166, at *15–16. This Court has already sustained objections to similarly situated claimants who sold their PG&E securities prior to the first purported corrective disclosure. *Order Disallowing and Expunging Proofs of Claim Pursuant to Reorganized Debtors’ First Securities Claims Omnibus Objection (No Loss Causation—Securities Sold Prior to the First Purported “Corrected Disclosure”)* [Docket No. 10581]. The result here should be no different. As a result, the claims subject to the Objection must be expunged.

I. JURISDICTION

This Court has jurisdiction over the Objection under 28 U.S.C. §§ 157 and 1334; the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.); and Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern District of California (the “**Bankruptcy Local Rules**”). This matter is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief requested are section 502 of title 11 of the United States Code (the “**Bankruptcy Code**”) and Rule 3007 of the Federal Rules of Bankruptcy Procedure (collectively, the “**Bankruptcy Rules**”).

II. BACKGROUND

On January 29, 2019 (the “**Petition Date**”), the Debtors commenced with the Court voluntary cases under chapter 11 of the Bankruptcy Code.

On July 1, 2019, the Court entered the *Order Pursuant to 11 U.S.C. §§ 502(b)(9) and 105(a), Fed. R. Bankr. P. 2002, 3003(c)(3), 5005, and 9007, and L.B.R. 3003-1 (I) Establishing Deadline for*

1 *Filing Proofs of Claim, (II) Establishing the Form and Manner of Notice Thereof, and (III) Approving*
2 *Procedures for Providing Notice of Bar Date and Other Information to All Creditors and Potential*
3 *Creditors* [Docket No. 2806] (the “**Bar Date Order**”). The Bar Date Order set October 21, 2019 at 5:00
4 p.m. Pacific Time (the “**Bar Date**”) as the deadline to file all proofs of claim (each, a “**Proof of Claim**”)
5 with respect to any prepetition claim (as defined in section 101(5) of the Bankruptcy Code) against either
6 of the Debtors. The Bar Date Order required any person who had a prepetition claim to file that claim
7 by the Bar Date. Notice of the Bar Date was disseminated widely pursuant to the Bar Date Order,
8 including to all record holders of the Debtors’ securities based on a record date of July 1, 2019. In total,
9 approximately 111,000 holders of the Debtors’ common equity, 11,300 noteholders, and all 1,352
10 brokerage nominees who held the Debtors’ securities on behalf of their clients received notice of the Bar
11 Date.

12 On October 21, 2019, the Public Employees Retirement Association of New Mexico (“**PERA**”)
13 filed a proof of claim against each debtor.² The proofs of claim asserted certain securities claims on
14 behalf of PERA and incorporated an amended complaint that PERA had filed as lead plaintiff in a
15 putative securities class action pending in the U.S. District Court for the Northern District of California
16 (the “**Securities Litigation**”). *See In re PG&E Corp. Sec. Litig.*, No. 3:18-cv-03509-EJD (N.D. Cal.
17 May 28, 2019) [Sec. Litig. Docket No. 121]. This amended complaint (the “**Third Amended
18 Complaint**”) asserts claims against the Debtors, among others, under the Securities Act of 1933, the
19 Exchange Act of 1934, and SEC Rule 10b-5 for alleged false and misleading statements regarding the
20 Debtors’ wildfire safety practices. *See id.* The putative class in the Securities Litigation comprises
21 investors who, during the period from April 29, 2015 through November 15, 2018, inclusive (the
22 “**Putative Class Period**”), purchased or otherwise acquired certain publicly traded securities of the
23 Debtors. *Id.*; *see also Reorganized Debtors’ Objection to Securities Lead Plaintiff’s Renewed Motion
24 to Apply Bankruptcy Rule 7023 and Certify a Limited Class* [Docket No. 9375] at 7 n.8. The Securities
25 Litigation is permanently enjoined as to the Reorganized Debtors and associated claims, other than any
26 entitlement to distributions under the Plan, are discharged pursuant to the Plan.

27 _____
28 ² PERA subsequently also filed a Rescission or Damage Proof of Claim Form (as herein defined).

1 The Third Amended Complaint alleges that purportedly false and misleading statements made
2 by the Debtors and other defendants “caused PG&E securities to trade at artificially inflated levels”
3 through the Putative Class Period, but that “the truth started to emerge on October 12, 2017”—nearly
4 two and a half years into the Putative Class Period. Third Amended Complaint ¶¶ 321, 328 (“It was not
5 until Thursday, October 12, 2017 that the market began to understand that PG&E’s safety regulation
6 violations were likely a proximate cause of the North Bay Fires.”).

7 On December 9, 2019, PERA filed a motion seeking to apply Bankruptcy Rule 7023 to the class
8 proofs of claim filed by PERA in the Chapter 11 Cases [Docket No. 5042] (the “**7023 Motion**”). On
9 February 27, 2020, the Court entered an order denying the 7023 Motion but extending the Bar Date to
10 April 16, 2020 (the “**Extended Securities Bar Date**”) with respect to certain claimants (the “**Securities
Claimants**,” and their claims, the “**Securities Claims**”) that purchased or acquired certain of the
11 Debtors’ publicly held debt and equity securities during the Putative Class Period who believed they
12 may have claims against the Debtors under the securities laws for rescission or damages arising out of
13 their trading in those securities [Docket No. 5943] (the “**Extended Securities Bar Date Order**”).³
14 Pursuant to the Extended Securities Bar Date Order, the Court approved a customized proof of claim
15 form for Securities Claims (the “**Rescission or Damage Proof of Claim Form**” and Securities Claims
16 filed on such form, the “**Rescission or Damage Proofs of Claim**”) and a form of notice of the Extended
17 Securities Bar Date (the “**Rescission or Damage Claim Bar Date Notice**”).
18

19 This Court has already addressed the first purported corrective disclosure in connection with the
20 confirmation of the Plan. In connection with the dispute over the Plan formula that converted allowed
21 amounts of damages arising out of securities proofs of claim by equity holders into shares, the parties
22 submitted extensive briefing and engaged in multiple arguments before the Court. During the
23 confirmation proceedings, PERA referenced October 12, 2017, as the date of the first alleged corrective
24 disclosure in its filings and its presentation to the Court in connection with its objections to confirmation
25 of the Plan. *See Securities Lead Plaintiff’s Submission of Argument Demonstrative for Use During Oral
Argument at Confirmation Hearing* [Docket No. 7791] at 17-26 (attached hereto as **Exhibit 2**); see also

26
27 ³ In addition, although not relevant here, the Bar Date was also extended to December 31, 2019 solely
28 with respect to unfiled, non-governmental Fire Claimants [Docket No. 4672].

1 *Securities Lead Plaintiff's Objection to Confirmation of Debtors' and Shareholder Proponents' Joint*
2 *Chapter 11 Plan of Reorganization dated March 16, 2020 [Docket No. 7296] at 6, 12; Tr. Jun. 5, 2020*
3 *at 78:10-22.⁴ No other securities holder objected to or disputed that designation. The Court then adopted*
4 *a conversion formula—Section 1.109 of the Plan (as herein defined)—that involves a number of periods,*
5 *the first of which ends on October 13, 2017, the day after the first purported corrective disclosure.*

6 By Order dated June 20, 2020 [Docket No. 8053], the Court confirmed the *Debtors' and*
7 *Shareholder Proponents' Joint Chapter 11 Plan of Reorganization Dated June 19, 2020* (as may be
8 further modified, amended or supplemented from time to time, and together with any exhibits or
9 scheduled thereto, the “**Plan**”), including the Plan formula for converting allowed equity securities
10 claims into shares. The Effective Date of the Plan occurred on July 1, 2020 (the “**Effective Date**”). See
11 Docket No. 8252. Pursuant to the Plan, the Securities Litigation is permanently enjoined as to the
12 Reorganized Debtors, and associated claims, other than any entitlements to distributions under the Plan,
13 are discharged. *See* Plan §§ 4.12, 4.14, 4.32, 10.6.

14 On January 25, 2021, the Court entered the *Order Approving Securities ADR and Related*
15 *Procedures for Resolving Subordinated Securities Claims* [Docket No. 10015] (the “**Securities Claims**
16 **Procedures Order**”). Pursuant to the Securities Claims Procedures Order, the Court approved, among
17 other things, procedures for filing omnibus objections to Securities Claims (the “**Securities Omnibus**
18 **Objection Procedures**”), including that “the holder of a Subordinated Securities Claims sold all or part
19 of his or her position(s) before the release of any purported ‘corrective disclosure(s).’” Securities Claims
20 Procedures Order ¶ 8(b); *see also* Securities Claims Procedures Order, Ex. A-3 ¶ I.C.2.

21 Consistent with the Securities Omnibus Objection Procedures, on March 17, 2021, the
22 Reorganized Debtors filed the *First Securities Claims Omnibus Objection (No Loss Causation –*
23 *Securities Sold Prior to the First Purported “Corrective Disclosure”)* [Docket No. 10411] (the “**First**

25 ⁴ “MR. BEHLMANN [for PERA]: So a couple things, Your Honor. Number one, as alleged in the
26 third amended complaint in the securities litigation and as we'll discuss in a little bit, there were
27 actually nine -- the October 12th drop in the stock price, the equity plan proponents would have Your
28 Honor believe that once that occurred, that was it. Fraud was over, stock price then reflect -- after that
point reflected every fact existing in the world, and the fraud was over. In reality, Your Honor, there
were nine successive stock drops over the course of the class period”

1 **Omnibus Objection”**). On April 26, 2021, the Court granted the First Omnibus Objection with respect
2 to the holders of equity securities. *See* Docket No. 10581.

3 **III. RELIEF REQUESTED**

4 The Reorganized Debtors file this Objection, pursuant to section 502 of the Bankruptcy Code,
5 Bankruptcy Rule 3007(d), Bankruptcy Local Rule 3007-1, and the Securities Claims Procedures Order,
6 seeking entry of an order disallowing and expunging certain Rescission or Damage Proofs of Claim for
7 which the Debtors have not caused any cognizable losses, identified on **Exhibit 1** hereto (the “**No Loss**
8 **Causation Claims**”). As set forth below, the Debtors have not caused any cognizable losses for the No
9 Loss Causation Claims because each claimant liquidated its entire position in the Debtors’ securities set
10 forth in the applicable Recession or Damage Proof of Claim (their “**Entire Position**”) on or before
11 October 11, 2017—*i.e.*, before the first alleged “corrective disclosure.” In other words, not one of the
12 claimants that is asserting a No Loss Causation Claim held *any* of the Debtors’ securities on or after the
13 earliest date when the alleged fraud was revealed (October 12, 2017). Thus, each such claimant both
14 bought and sold when the shares were purportedly selling at inflated prices and therefore suffered no
15 cognizable losses that could have been caused by the Debtors. As with the First Securities Omnibus
16 Objection, there is no ambiguity in the above: each of the claimants sold their Entire Position of PG&E
17 securities before the purported first corrective disclosure and subsequently purchased no additional
18 securities. For the reasons set forth herein, the Reorganized Debtors request that the No Loss Causation
19 Claims be disallowed and expunged.

20 **IV. ARGUMENT**

21 **A. The No Loss Causation Should be Disallowed and Expunged.**

22 The Securities Claims Procedures Order supplemented Bankruptcy Rule 3007(d) to permit the
23 Reorganized Debtors to file objections to more than one Securities Claim if the holder “sold all or part
24 of his or her position(s) before the release of any purported ‘corrective disclosure(s).’” Securities Claims
25 Procedures Order ¶ 8(b); *see also* Securities Omnibus Objection Procedures ¶ I.C.2. Bankruptcy Rule
26 3007(e) requires that an omnibus objection must list the claimants alphabetically and by cross-reference
27 to claim numbers. The Reorganized Debtors and their advisors have reviewed each of the No Loss
28 Causation Claims identified on Exhibit 1 and have determined that each of the No Loss Causation Claims

1 reflect trading histories where *all* holdings of the Debtors' securities had been entirely liquidated *before*
2 October 12, 2017, the date of the first purported "corrective disclosure" and no additional securities were
3 purchased thereafter. Radetich Decl. ¶¶ 5–7.

4 With respect to each of the proofs of claim identified in Exhibit 1, it does not matter if the
5 claimant sold securities at lower prices and therefore suffered a "loss" because the sales occurred before
6 any purported corrective disclosure and therefore the claim fails to establish loss causation. Loss
7 causation—"i.e., a causal connection between the material misrepresentation and the loss"—is an
8 essential element of a securities fraud complaint. *See Dura Pharm.*, 544 U.S. at 341–42; *see also In re*
9 *Oracle Corp. Sec. Litig.*, 627 F.3d at 392 ("Loss causation is established if the market learns of a
10 defendant's fraudulent act or practice, the market reacts to the fraudulent act or practice, and a **plaintiff**
11 **suffers a loss as a result of** the market's reaction.") (emphasis added). Mere allegations of an inflated
12 purchase price are insufficient to establish loss causation. *See Dura Pharm.*, 544 U.S. at 342, 347
13 (overturning the Ninth Circuit and holding that a securities fraud plaintiff who merely alleged an inflated
14 purchase price did not sufficiently plead loss causation or economic loss).

15 "The burden of pleading loss causation is typically satisfied by allegations that the defendant
16 revealed the truth through 'corrective disclosures,' which caused the company's stock price to drop and
17 investors to lose money." *See Bonanno v. Cellular Biomedicine Grp., Inc.*, No. 15-cv-1795, 2016 WL
18 4585753, at *3 (N.D. Cal. Sept. 2, 2016) (quotation marks omitted). Normally "an inflated purchase
19 price will not itself constitute or proximately cause the relevant economic loss," because "at the moment
20 the transaction takes place, the plaintiff has suffered no loss; the inflated purchase payment is offset by
21 ownership of a share that *at that instant* possesses equivalent value." *Dura Pharm.*, 544 U.S. at 342
22 (emphasis in original). Indeed, where a plaintiff alleges only an inflated purchase price, it is "far from
23 inevitabl[e]" that the purported misrepresentation caused any subsequent economic loss, because a
24 subsequent sale at a "lower price may reflect, not the earlier misrepresentation, but changed economic
25 circumstances, changed investor expectations, new industry-specific or firm-specific facts, conditions,
26 or other events, which taken separately or together account for some or all of that lower price." *Id.* at
27 342–43.

28 Thus, courts in the Ninth Circuit have dismissed or not allowed recovery on securities fraud

claims under both Section 10(b) and Section 11 premised on securities that were liquidated prior to a “corrective disclosure.” For example, in *Hurst v. Enphase Energy, Inc.*, No. 20-cv-04036-BLF, 2020 WL 7025085, at *8 (N.D. Cal. Nov. 30, 2020), the District Court found “[i]nvestors who bought or acquired [defendant’s] stock during the proposed class period, but sold the stock prior to [the date of the corrective disclosure], would not have suffered injury from the fraud because they would have also sold the stock at an alleged artificially inflated price.” Similarly, in *Vinh Nguyen v. Radient Pharmaceuticals Corp.*, No. SACV 11-00406 DOC (MLGx), 2014 WL 1802293, at *5-7 (C.D. Cal. May 6, 2014), the District Court approved, over objection, an allocation in a securities class action settlement that provided no recovery for traders who their securities sold prior to the first corrective disclosure and who provided no other evidence that the alleged misrepresentation caused the asserted losses. And in *In re Cornerstone Propane Partners, L.P. Sec. Litig.*, No. C 03-2522 MHP, 2006 WL 1180267, at *9 (N.D. Cal. May 3, 2006), the District Court excluded from a securities class action “plaintiffs who sold their stock before [the date] when the first corrective disclosure occurred” because they “did not suffer any loss causally related to defendants’ alleged misrepresentations.” See also *In re Velti PLC Sec. Litig.*, No. 13-CV-03889-WHO, 2015 WL 5736589, at *29 (N.D. Cal. Oct. 1, 2015) (dismissing Section 11 claims where plaintiff sold all of its shares “months before . . . the only corrective disclosures alleged in the” complaint); *Dean v. China Agritech, Inc.*, 2011 WL 5148598, at *8 (C.D. Cal. Oct. 27, 2011) (dismissing section 11 claim where the plaintiff sold his entire position at a loss approximately seven months before first purported corrective disclosure).

Here, because each of the claimants identified in Exhibit 1 entirely liquidated their Entire Position in PG&E securities prior to the first purported “corrective disclosure” on October 12, 2017, none of them can establish that purported misrepresentations and omissions by the Debtors *caused* any loss at all. Nor do the claims identified in Exhibit 1 separately allege any earlier date for a purported corrective disclosure, or for that matter, any alternate theory of loss causation. See Thomas Lee Hazen, 4 Law Sec. Reg. § 12:93, Westlaw (updated December 2020) (“A plaintiff must be able to point to the market’s reaction to the truth on the market and how that information filtered into the market other than through a corrective press release.”). Thus, the Debtors’ alleged misrepresentations did not cause any losses to Securities Claimants who liquidated their Entire Position before October 12, 2017, the date of the first

1 purported corrective disclosure. Accordingly, the Debtors have not caused any cognizable losses under
2 the federal securities laws for the claims identified in Exhibit 1.

3 **B. The Claimants Bear the Burden of Proof.**

4 A filed proof of claim is “deemed allowed, unless a party in interest... objects.”
5 11 U.S.C. § 502(a). Section 502(b)(1) of the Bankruptcy Code, however, provides in relevant part that
6 a claim may not be allowed if “such claim is unenforceable against the debtor and property of the debtor,
7 under any agreement or applicable law.” 11 U.S.C. § 502(b)(1). Once the objector raises “facts tending
8 to defeat the claim by probative force equal to that of the allegations of the proofs of claim themselves,”
9 *Wright v. Holm (In re Holm)*, 931 F.2d 620, 623 (9th Cir. 1991), quoting 3 L. King, *Collier on
Bankruptcy* § 502.02, at 502-22 (15th ed. 1991), then “the burden reverts to the claimant to prove the
11 validity of the claim by a preponderance of the evidence.” *Ashford v. Consol. Pioneer Mortg. (In re
Consol. Pioneer Mortg.)*, 178 B.R. 222, 226 (B.A.P. 9th Cir. 1995) (quoting *In re Allegheny Int'l, Inc.*,
13 954 F.2d 167, 173-74 (3d Cir. 1992)), *aff'd*, 91 F.3d 151 (9th Cir. 1996) (unpublished table decision).
14 “[T]he ultimate burden of persuasion is always on the claimant.” *Holm*, 931 F.2d at 623 (quoting 3 L.
15 King, *Collier on Bankruptcy* § 502.02, at 502-22 (15th ed. 1991)); *see also Lundell v. Anchor Constr.
16 Specialists, Inc.*, 223 F.3d 1035, 1039 (9th Cir. 2000); *Spencer v. Pugh (In re Pugh)*, 157 B.R. 898, 901
17 (B.A.P. 9th Cir. 1993); *Cal. State Bd. of Equalization v. Off. Unsecured Creditors' Comm. (In re Fid.
18 Holding Co.)*, 837 F.2d 696, 698 (5th Cir. 1988).

19 As set forth above, the Reorganized Debtors submit that the claims identified in Exhibit 1 do not
20 represent a current right to payment and, therefore, should be disallowed and expunged. If any Securities
21 Claimant believes that a No Loss Causation Claim is valid, it must present affirmative evidence
22 demonstrating the validity of that claim.

23 **C. The No Loss Causation Claims May Be Objected to by an Omnibus
24 Objection.**

25 Bankruptcy Rule 3007(d) and the Securities Omnibus Objection Procedures govern omnibus
26 objections to Securities Claims in these Chapter 11 Cases. Pursuant to Bankruptcy Rule 3007(d)(4) and
27 Paragraph I.C.2 of the Securities Omnibus Objection Procedures, objections to more than one claim may
28 be joined if the objections are based on the grounds that the claims should be disallowed because the

1 Securities Claimant sold all or part of his or her position(s) before the release of any purported “corrective
2 disclosure(s).” Pursuant to Paragraph I.B of the Securities Omnibus Objection Procedures, the
3 Reorganized Debtors may object to up to 250 Securities Claims per Omnibus Objection.

4 In accordance with Paragraph I.E of the Securities Omnibus Objection Procedures, Exhibit 1
5 hereto provides the following information: (i) an alphabetized list of the claimants whose proofs of claim
6 are subject to this Objection; (ii) the claim numbers of the proofs of claim that are the subject of this
7 Objection; (iii) the amount of claim asserted in each proof of claim, or a statement that the claim seeks
8 an unliquidated amount; (iv) the date each proof of claim was filed, and (v) the grounds for this
9 Objection. Furthermore, the Reorganized Debtors will give notice to the holders of each of the No Loss
10 Causation Claims, the form of which satisfies the requirements set forth in Paragraph F of the Securities
11 Omnibus Objection Procedures.

12 **V. RESERVATION OF RIGHTS**

13 The Reorganized Debtors hereby reserve the right to object, as applicable, in the future to any of
14 the Proofs of Claim listed in this Objection on any ground not previously ruled upon, and to amend,
15 modify, or supplement this Objection to the extent an objection to a claim is not granted, and to file other
16 objections to any proofs of claims filed in these cases, including, without limitation, objections as to the
17 amounts asserted therein, or any other claims (filed or not) against the Debtors, regardless of whether
18 such claims are subject to this Objection. A separate notice and hearing will be scheduled for any such
19 objections. Should the grounds of objection specified herein be overruled, wholly or in part, the
20 Reorganized Debtors reserve the right to object to the No Loss Causation Claims on any other grounds
21 that the Reorganized Debtors may discover or deem appropriate. See Securities Omnibus Objection
22 Procedures ¶ I.J.

23 **VI. NOTICE**

24 Notice of this Objection will be provided to: (i) the holders of the No Loss Causation Claims; (ii)
25 the Office of the U.S. Trustee for Region 17 (Attn: Andrew R. Vara, Esq. and Timothy Laffredi, Esq.);
26 (iii) all counsel and parties receiving electronic notice through the Court’s electronic case filing system;
27 and (iv) those persons who have formally appeared in these Chapter 11 Cases and requested service
28 pursuant to Bankruptcy Rule 2002. The Reorganized Debtors respectfully submit that no further notice

1 is required. No previous request for the relief sought herein has been made by the Reorganized Debtors
2 to this or any other Court.

3 WHEREFORE the Reorganized Debtors respectfully request entry of an order granting (i) the
4 relief requested herein as a sound exercise of the Reorganized Debtors' business judgment and in the
5 best interests of their estates, creditors, shareholders, and all other parties interests, and (ii) such other
6 and further relief as the Court may deem just and appropriate.

7
8 Dated: May 19, 2021

WEIL, GOTSHAL & MANGES LLP
KELLER BENVENUTTI KIM LLP

9
10 By: /s/ Richard W. Slack
Richard W. Slack

11 *Attorneys for Debtors and Reorganized Debtors*